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Social and Environmental Enterprises

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SOCIAL & ENVIRONMENTAL ENTERPRISES
PUBP&ADM 697SE
FALL 2020

Professor Betsy Schmidt, eschmidt@umass.edu

Class Hours: Wednesdays, 9:05-11:35

Location: Zoom

Office Hours: T/Th. 11:30-12:30, W 11:45-12:30, and by appointment

Course Description:

Social and Environmental Enterprises examines organizations that place a social mission ahead of or on par with their financial mission. Students in this course take initial steps towards creating a fictional social mission enterprise, using tools such as systems thinking, design thinking, Lean Startup methodologies, impact measurement, and budget development. Once we understand the practical challenges and opportunities of these enterprises, we consider norms and public policies that can help social enterprises succeed--taxation, governance, finance measures, asset locks, and employment rules. We will have several guests over the course of the semester, who will also help us see how these enterprises work and what policies could help them work better.

Course Objectives:

By the end of this course, students should be able to:

- Examine social problems through a systems thinking lens, with an asset based approach
- Understand and apply initial steps in a social and environmental enterprise
- Understand the strengths and weaknesses of each of the legal/business options social & environmental enterprises can use to structure their businesses
- Understand the financing options for these enterprises
- Articulate ways to measure an organization's social impact, and understand the strengths and weaknesses of each approach
- Describe the various governance and tax structures available for social enterprises, as well as the feasibility of adopting new structures.
- Consider measures that can protect the social and/or environmental mission in times of transition.
- Articulate the public policy measures that students believe are necessary to help social enterprises thrive
- Work well with people in other disciplines to solve (or at least address) social and environmental problems.
- Have developed self-confidence in their ability to enact social change.

Course Structure:

This course is divided into three units. The first unit examines what it takes to design, start, and run a social enterprise. We will try our hand at some of the tools that social enterprises use, such as systems thinking, the social business model canvas, and making a pitch to funders, all in the context of a fictional social enterprise. An understanding of what goes into designing a successful social enterprise is an essential precursor to determining which policies will best promote social enterprises, a consideration that will be the focus of much of the course.

The second unit examines business entity choices that social enterprises must make when they become legal entities. They have several choices that we will study—limited liability companies, C-corporations, nonprofit corporations, benefit corporations, L3Cs, and cooperatives. We will put ourselves in the shoes of social entrepreneurs to determine which of the current legal entities will work best for our fictional

enterprises, and we will begin thinking about whether these legal entities are the best vehicles for businesses that are working to improve social and/or environmental conditions.

The third unit asks which policies will protect and encourage the social and environmental mission in a social enterprise. We will examine governance, tax, enforcement mechanisms, employee relations, and issues that arise when the social enterprise is growing. The course culminates in a paper in which students consider which policy or policies will create the best environment for all social enterprises to succeed.

We will meet weekly to discuss the assigned readings, podcasts, and videos, and to consider the world of social enterprises, both as it exists today and as we would like to see it become. Students can prepare for class by completing all three parts of the weekly assignment, which are described below.

Weekly Assignments

The Moodle site for each week is divided into 3 sections: 1) Background; 2) Learn; 3) Engage. Please come to class prepared to discuss the engagement exercise and the materials you have read, seen, and/or listened to.

- **Background:** The background section provides students with a general idea of the objectives for the week's work that will be done BEFORE class.
- **Learn:** Each week there are assigned readings, podcasts, and/or videos. **THERE IS NO BOOK.** The options for "learning" are broader than those in a typical course, which assign reading alone. This change allows us to activate all our learning styles and to discover interesting pieces done in different formats. Each week we will read, listen to, or watch a significant amount of material relating to the topic under discussion. Some of that material is quite technical, and I suggest dividing the material up into two or three sessions so that you can be sure you understand it. All assigned material will either be reproduced or linked to the Internet.
- **Engage:** We all learn best when we engage with the material we are studying. Each week there will be an exercise, due before class, to help you understand and apply the material in the "learn" section. These exercises are also building blocks for later assignments. They can be done individually or as a group, as long as everyone participates. A student who is unable to participate in a group engagement assignment one week should simply hand in an individual one that week.

I will not have time to read and comment on all the engagement assignments, but I will glance through them, and I will always go over them with anyone who asks for help. They are graded on a pass/fail basis, and they will be part of your final class participation grade.

Of course, we will also "engage" in class. As you can see from the class participation rubric posted on Moodle, I expect attendance and participation every week, but there is more than one way to achieve that goal.

Larger Assignments

- There will be 4 larger assignments: 1) a pitch to funders; 2) a case study; 3) a memo on the type of business entity that works for your organization; 4) a policy paper describing the policy or policies that you think will help social enterprises in general. Students may do the first three individually or in a group. The final project should be done individually.
- **Case Study:** Each student will choose an existing business, nonprofit, or cooperative, preferably from a list I provide. They will then prepare a report on that business to share with the class. The case studies will explore the social impact of these enterprises and show how the enterprises have used or adjusted to the concepts we are learning about in the course. I hope you have fun with this assignment. Corporations are like celebrities. You can usually uncover interesting stories that show the business's

strong sense of humanity, along with its questionable behavior. We will have 2-3 minute presentations most weeks on at least one case study. The written versions of the reports will be on Moodle, so that all students have access to these reports when they write their final paper.

- Pitch to Funder : You will write a memo to funders that explains your virtual social enterprise, the value it will bring, and the funds you are requesting. You will also develop a 3-4 minute oral pitch for these funds. Other students and possibly some outside investors will watch the pitches to determine whether to provide the requested funds. We will not be able to have everyone do this in class, so I am asking you to videotape yourself making the presentation. If you would prefer to pitch in class, let me know, as we will have time for a few of them. Please **DON'T READ YOUR PITCH!!!** The funders will turn you down if you do. Video quality does not matter. This assignment can be done individually or as a group. Due date **Sept. 30**.
- Choice of Entity Memo: You will explain which business entity works best for the virtual social enterprise you are creating and why the other forms would not work as well. **Due Nov. 4**.
- Final Paper: You will write a white paper describing the public policies that you think will best support social and environmental enterprises. This is an individual assignment with a suggested length of 15-20 pages. **Due Dec. 1**.

Grading:

Rubrics for each of these elements either are or will be posted on Moodle in the folder called "Syllabus and Instructions for Assignments."

- Class participation and engagement exercises, 25%
- Memo and pitch to funder, 15%
- Memo on business entity choice: 20%
- Case Study: 15%
- Final paper, 25%

Policies

Communication: I have scheduled office hours from 11:30-12:30 Tuesday and Thursday and from 12:45-1:30 on Wednesday. (I will stay after class on Wednesday, too). I will also communicate with you regularly via your UMass email account. Feel free to email me at any time. I try to answer all emails within 24 hours and do not mind if you write me a second time to remind me.

Academic honesty: All students should familiarize themselves with [UMass's academic honesty policies](#), which we will follow in this class.

Accommodations: Please get in touch with me if you need an accommodation for this course or if there is anything difficult, so that we can help you stay on track and feeling successful in this course. I encourage you to work with Disability Services as well, but I will not ask you to go to them first.

Writing Center: You can make [an appointment online](#) for help with writing in this course or any other. I highly recommend this, even if you are already a good writer.

SUMMARY OF CLASSES & LARGER ASSIGNMENTS

Please check Moodle for a detailed description of all reading, homework, and graded assignments. See each class date and the folder called "Syllabus and Other Instructions." The details may change, so please keep abreast of Moodle.

Date	Topic	Large Assignments
Aug. 26	Intro. to course & social enterprise values	
UNIT 1	Designing Social Enterprises	
Sept. 2	Defining the Issue	
Sept. 9	Measuring Impact	
Sept. 16	Initial planning for the social enterprise	
Sept. 23	Financing the social enterprise	
UNIT 2	Business Entity Choice	
Sept. 30	Choice of Entity Overview	Memo & pitch to funder
Oct. 7	Choice of Entity	
Oct. 14	Choice of Entity	
UNIT 3	Policies to Protec the Social Mission	
Oct. 21	Governance	
Oct. 28	Tax	
Nov. 4	Who enforces the mission? (Govt., self-enforcement, certification, asset locks.	Business entity memo due
Nov. 11	Employee Relations & Compensation	
Nov. 18	Protecting the mission while growing, scaling, sustaining the enterprise	Final case study due
Dec. 1	Final paper due	Final paper due